

Division of Healthcare Finance

Projected Reserve Calculation - Current Plans A, B and C Design with 3 years of no increase

Medical, Pharmacy, Dental and Vision

Date of Projection: 3/29/2012

Plan Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factors and Assumptions	Actual Factors	Actual Factors	Projected Factors and Assumptions.....										
Interest Rate on Reserves	0.9%	0.2%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Admin/Contract Fee Trend	3.2%	-4.9%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Healthcare cost trend rate	2.8%	1.9%	5.0%	5.0%	6.0%	7.5%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Policy Choices	HCC Policy Choices in May 2009	HCC Policy Choices in May 2010	HCC Policy Choices in May 2011	HCC Policy Choices by May 2012	Future Policy Choices.....								
Employer Contr. % incr. (eff. July 1)	12.5%	15.0%	7.5%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Employee Contr. % incr. (eff. Jan 1)	7.5%	8.0%	44.0%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Dependent Contr. % incr. (eff. Jan 1)	7.5%	8.0%	-7.4%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Direct Bill Contr. % incr. (eff Jan 1)	12.4%	14.7%	8.2%	0.0%	0.0%	0.0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Reserves													
Beginning reserve earning interest	11,880,073	11,991,989	12,017,362	12,167,579	12,319,674	12,473,670	177,976,140	146,102,041	119,051,399	98,052,992	84,523,961	80,094,591	86,636,134
Beginning reserve not earning interest	78,295,832	74,866,652	102,929,048	143,157,399	179,002,354	188,654,853	0	0	0	0	0	0	0
Beginning Total Reserve Balance	90,175,905	86,858,641	114,946,410	155,324,978	191,322,028	201,128,523	177,976,140	146,102,041	119,051,399	98,052,992	84,523,961	80,094,591	86,636,134
Projected Cash Flow													
Total Employer Contributions	293,900,171	324,743,377	354,771,632	367,594,703	367,594,703	367,594,703	386,465,069	426,143,210	469,895,082	518,138,934	571,335,953	629,994,679	694,675,862
Total Participant Contributions	127,392,488	129,927,400	131,238,853	134,159,022	135,943,492	138,254,954	151,384,997	165,968,623	181,997,222	199,615,358	218,982,121	240,272,589	263,679,441
Total Contributions	421,292,659	454,670,777	486,010,485	501,753,725	503,538,195	505,849,657	537,850,066	592,111,833	651,892,304	717,754,292	790,318,074	870,267,268	958,355,303
Total Plan Expenses (Claims, ASO fees & contracted expenses)	424,721,839	426,608,381	446,794,634	467,056,270	493,885,695	529,157,960	571,948,867	620,988,750	674,378,854	732,508,986	795,803,993	864,726,908	939,782,389
Interest on Reserves	111,916	25,373	150,217	152,095	153,996	155,921	2,224,702	1,826,276	1,488,142	1,225,662	1,056,550	1,001,182	1,082,952
Net Cash flow	(3,317,264)	28,087,769	40,378,568	35,997,049	9,806,495	(23,152,383)	(31,874,099)	(27,050,642)	(20,998,407)	(13,529,032)	(4,429,369)	6,541,543	19,655,866
Projected Reserve Balance													
Reserve Ending Balance	86,858,641	114,946,410	155,324,979	191,322,027	201,128,523	177,976,140	146,102,041	119,051,399	98,052,992	84,523,961	80,094,591	86,636,134	106,292,000
Target Reserve	48,651,000	51,193,006	50,274,000	52,570,000	55,613,000	59,617,000	64,477,000	70,050,000	76,118,000	82,725,000	89,921,000	97,758,000	106,292,000
Difference between the Reserve Ending Balance and Target Reserve	38,207,641	63,753,404	105,050,979	138,752,027	145,515,523	118,359,140	81,625,041	49,001,399	21,934,992	1,798,961	(9,826,409)	(11,121,866)	0
Ending Balance as a Percent of Claims	20.5%	26.9%	34.8%	41.0%	40.7%	33.6%	25.5%	19.2%	14.5%	11.5%	10.1%	10.0%	11.3%

Total Contributions for 2011 include \$2,870,534 from the ERRP, 2012 includes \$1,012,500 and 2013 includes \$1,147,500 from SB572

Total Contributions for 2011 includes \$187,606 for settlement of pharmaceutical class action lawsuit